

Video Available

DoD conference committee strips Pentagon audit requirements but keeps controversial terrorism language

WASHINGTON, DC –Rep. Peter DeFazio (D-OR) opposed the National Defense Authorization Act (NDAA) after a joint Senate-House conference committee stripped out language that would have required the Pentagon to produce auditable financial statements.

“This year the Pentagon will spend \$670 billion,” said DeFazio. “That’s more than any other federal agency and yet it is the only one that is exempted from a financial audit. In July, the House unanimously voted to approve my amendment to audit the Pentagon and provide Congress a clear picture that allows us to target wasteful and duplicative spending. But in a closed door meeting of the conference committee, a deal was cut to drop similar language that would have required an audit in two years. One member on the committee said it was insulting to ask the Pentagon for an audit. What’s insulting is that they closed the conference to cut these backroom deals. The taxpayers deserve accountability.”

DeFazio’s amendment to end the Pentagon’s special audit exemption would have required it to complete its first audit by 2012. DeFazio recently sent a letter to conference committee members, urging them to keep the Pentagon audit language in the NDAA. DeFazio delivered a floor speech excoriating committee members for allowing the Pentagon to continue to waste taxpayer dollars as our deficits reach all time highs.

Find the video here: http://www.youtube.com/watch?v=rAJapz7XNt8&feature=channel_video_title

DeFazio also objected to language that could allow the federal government to waive

constitutional rights to indefinitely detain Americans suspected of terrorism.

“As I have repeatedly stated, the federal government need not trample over the U.S. Constitution in order to protect Americans from terrorism and foreign threats. I continue to have serious concerns about provisions in this bill that would require all terrorism suspects, including American citizens, to be held indefinitely and exclusively in military custody. Besides raising constitutional questions and exposing the federal government to serious litigation risk, this would undermine the ability of the FBI and local law enforcement to participate in counterterrorism operations, which would negatively impact our national security,” said DeFazio.

“According to my colleagues, the Pentagon is ‘Too Big To Be Counted’ and constitutional rights granted to American citizens can be dismissed. This bill fails to serve our men and women in uniform well, it does not serve the national defense needs of the United States of America, and it doesn't serve the interests of Americans.”

BACKGROUND

In 1990, Congress passed a law requiring all federal agencies – including DoD – to present auditable financial statements.

But for the last two decades, the Pentagon has never complied. The DoD Inspector General and the General Accounting Office (GAO) have documented serious errors in the Pentagon's financial record keeping. For example, a March 2000 Inspector General report found that nearly one third of the accounting entries in the Pentagon's \$7.6 trillion budget were untraceable. In 2003, the IG found that the army lost track of 56 airplanes, 32 tanks and 36 missile command launch units. In 2004, the GAO found that the DoD spent \$100 million over a six year period on unused, refundable airline tickets. The Pentagon never asked for refunds.

In response, in 2001, Congress directed DoD to improve its financial management policies,

procedures, and internal controls to make sure its audits were accurate and complete. This gentle nudge from Congress did not change DoD's ways.

In 2005, Congress barred the DoD from obligating or expending funds to complete an audit until the Secretary submits a financial management improvement plan. The ban on completing an audit is contained in Section 376 of the Fiscal Year 2006 National Defense Authorization Act.

In 2009, Congress set a "goal" – not a mandate – to complete an audit by September 30, 2017. Yet, during a September 2010 hearing, Pentagon officials stated that meeting the 2017 timeline may not be realistic and the agency may need more money from Congress to achieve full auditability.

The DoD continues to shirk its fiduciary responsibilities under the law as Congress continues to appropriate record level defense budgets. The taxpayers deserve accountability for all federal departments.

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